WELL MARKETING 1991

John Coate - January, 1991

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Analysis and Statistics - the Overview

The Revenue Index

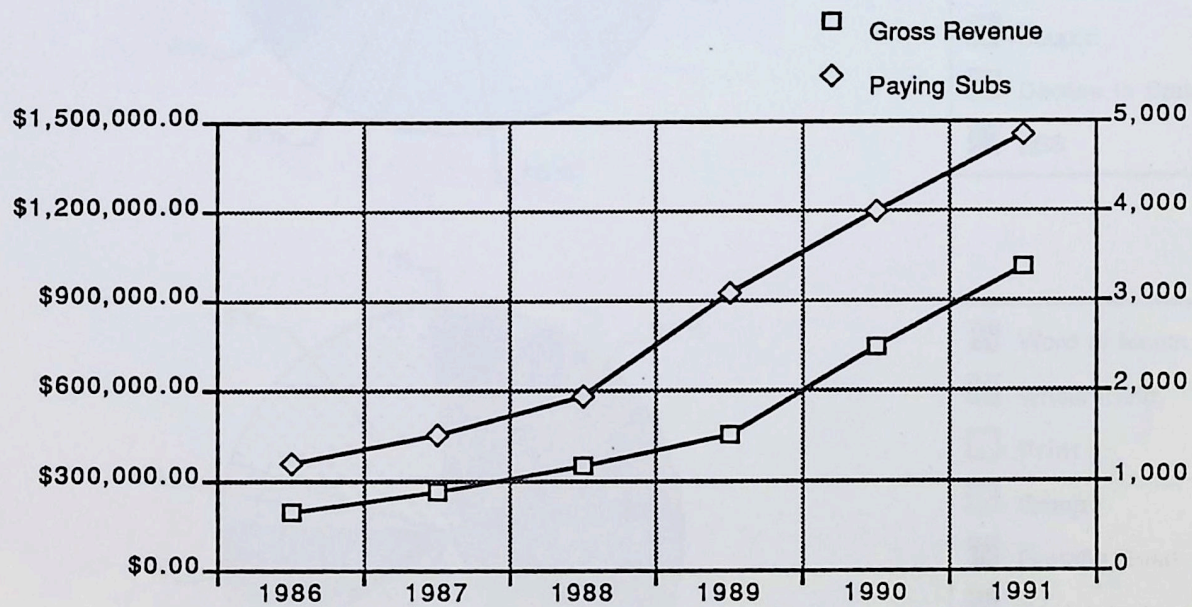
The Revenue Index is the amount of money (gross revenue) the WELL expects to take in for every person who subscribes to the WELL. It forms the basis for assessing and predicting revenue based on new signups. The Index number was obtained by figuring the average subscription length and average monthly bill of all "sourced" subscribers starting in 1987 and running until Dec. 1990. The numbers were multiplied together to create the Index number (12.8 mos. x $13.83). The Index can also be broken down to show the revenue from each source category.

for which users?

Revenue Index as of December 1990: **$177.02**
(note that revenue index at the beginning of 1990 was $114.57)

Annual WELL Growth

Since its beginning in April 1985, the WELL has grown in both numbers and revenue in a progressive upward path for each of its successive years of operation, as illustrated in the chart below:



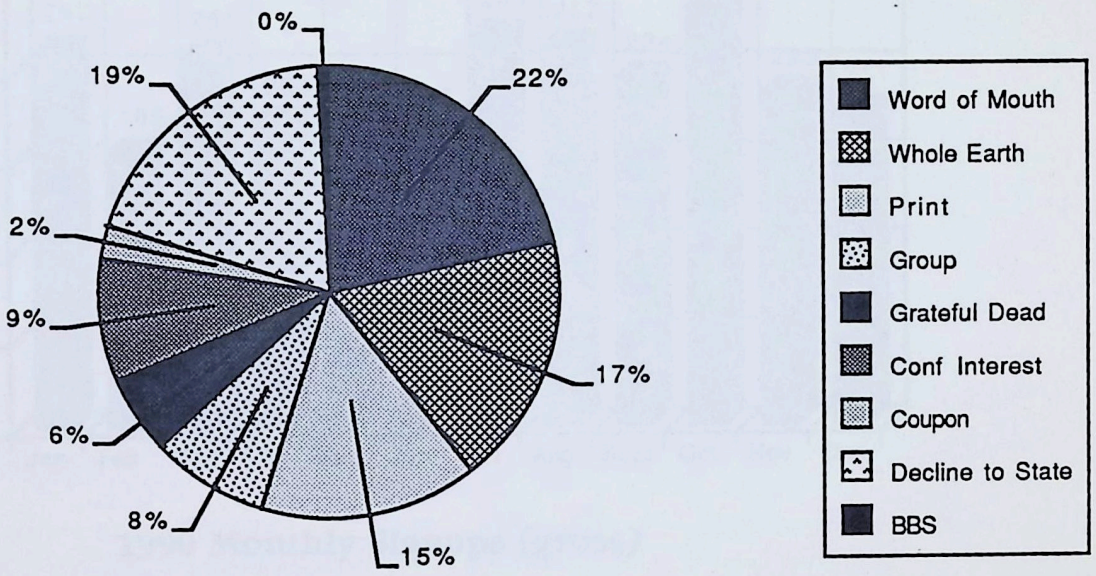
1990 totals:
Total paying subscriptions: 4021
Gross Income: $750,000

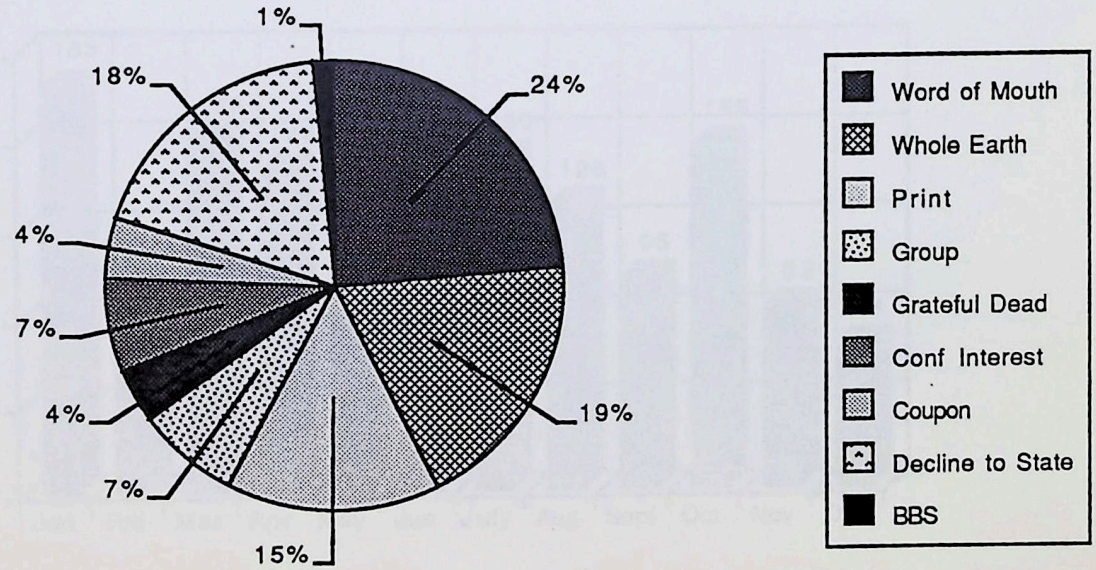
4000 @ 200 = 800,000

1991 Projection totals:
Total paying subscriptions (@70/month net): 4861
Gross income: $1,019,800

Customer Sources

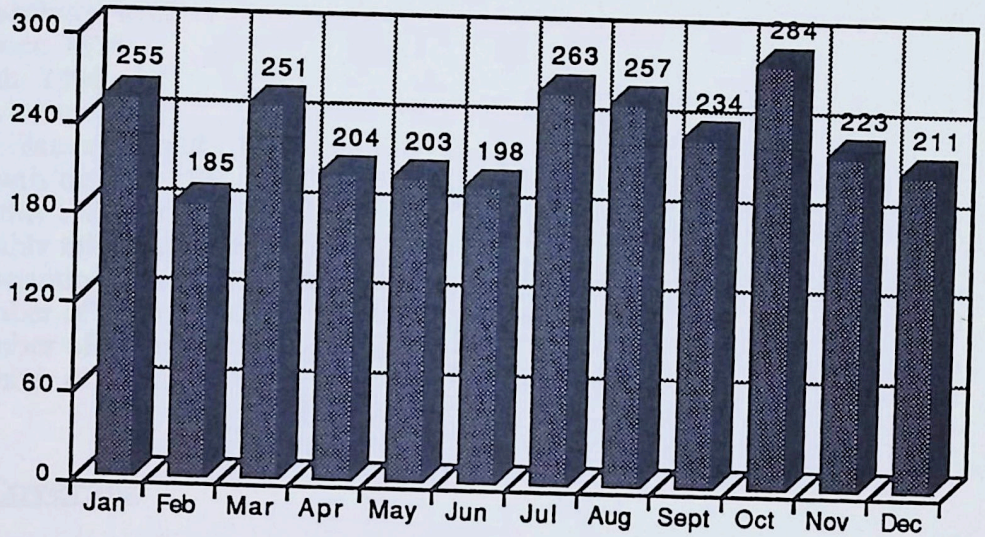
The first chart illustrates the breakdown of customer sources since records were first kept in 1987 (base of 5540) and the second chart shows the sources for 1990 alone.



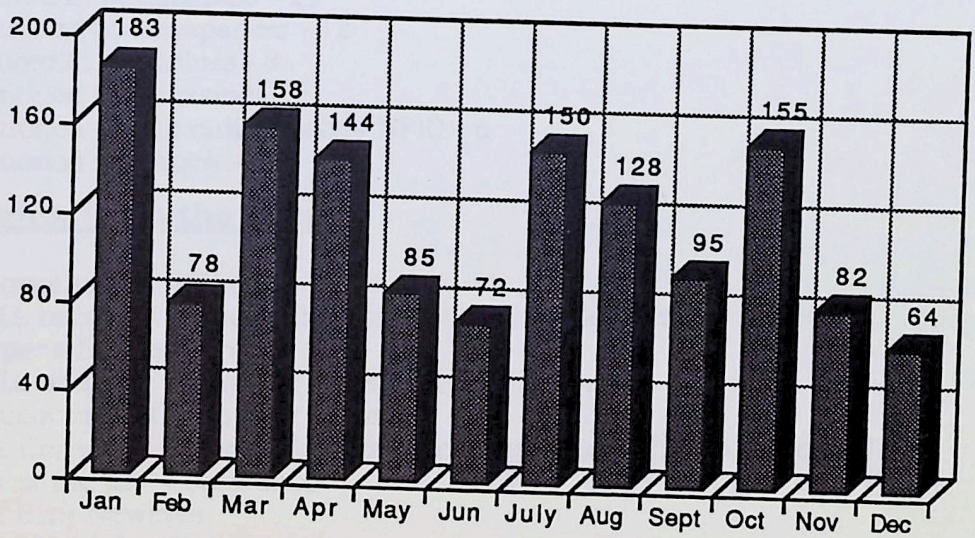


1990 in Review

The paying subscription base grew from 3,100 in Dec. 1989 to 4,401 in December 1990.



1990 Monthly Signups (gross)



1990 Monthly Growth (net)

The charts above show an increase in signups in the second half of the year. Net growth is more erratic because the WELL initiates more cancellations in some months than in others. For example in December there were at least 50

cancellations specifically because of the price change announced in the Offline newsletter.

Annual Statistics

subscribers begin-yr: 2911
New Subscribers: 2768
Cancellations: 1374
Net growth: 1394
Avg. new/month: 231
Avg. cancellations/month: 115
Avg. Growth/month: 116
Avg. monthly bill (all): $13.83
Avg. monthly bill (active): $22.05
Avg. subscription length: 12.8 months
Total number of billed accounts: 4021
Total number of comp accounts: 281
Total number of accounts: 4305

−1394
2911

Press Coverage

The WELL received a great deal of press coverage in 1990. Specific mentions are in the Marketing Quarterly Reports. The following is a summary of the year's press mentions:

Featured in newspapers - 15
Mentioned in newspapers - 12
Featured in magazines - 8
Mentioned in magazines - 6
Mentioned on the radio (mostly NPR) - 8
Mentioned in a book - 3

Highlights from the year

SEVA moves to the WELL
The WELL becomes home to the Association of Independents in Radio
The Harper's Hacker Forum
The WELL wins the Computer Press Association Award
The Sequent moved to its new space
The ENA Convention held in San Francisco was largely planned on the WELL
Creation of the EFF Conference
Death of Blair Newman
The creation of the Zine Conference
The WELL had a booth and a strong presence at CyberThon

Marketing Communications highlights

In 1990 Marketing designed and produced a real brochure that went into a second printing in November. In August 2700 pieces were sent to the five Whole Earth Access stores for distribution in their computer departments.

The fourth WELL newsletter was included as four pages in the Summer Whole Earth Review, resulting in numerous new signups as well as over fifty new WER subscriptions. In December a two page newsletter was mailed to all WELL subscribers chiefly to indicate the new rates effective January, 1991.

Marketing experimented with a mail-in coupon worth five free hours that was part of the brochure as well as a coupon in the John Dvorak book and the "bbsuser" arrangement with Sarah Stambler but at the October board meeting it was decided to give all newusers five free hours dispensing with coupon paperwork and providing the basis for a press release that was mailed in December.

Marketing experimented with having Sarah Stambler promote the WELL through various BBS systems around the country. A special login called "bbsuser" was created and she got a $30 credit (prorated according to the user paying their bills) for each sign-up. However, the overwhelming majority of response came from people who read about the offer in Computer Currents magazine which had picked the story up from NewsBytes. The six month trial period for this deal ends in March and there are no plans to renew it because not enough response came from actual BBS users.

1991 Plan

Positioning strategy

The WELL has gained fame and high reputation as the premier online system for compelling, content-rich conversation over a wide range of subjects. Because the atmosphere of the WELL has such a strong human-feeling element, many customers go beyond just conversing to forming relationships. These relationships often develop into blends of the professional and the personal, with each person having a unique ratio of the two. Because of this, their WELL experience makes a real difference in their lives. In a sense, it is these relationships that are the core engine that drives the WELL. This niche and our strength within that niche is one of two main focus areas for marketing the WELL.

The other is providing innovative and efficient communication tools. Speaking of efficiency, the American economy is in a recession that will likely last through the year. Marketing intends to devise strategies that will exploit that situation by showing how using the WELL is a money saving, inherently efficient activity.

Targets

Targeting for this year emphasizes building on the WELL's traditional customer bases - word of mouth, Whole Earth Review, press and groups. Emphasis on press and groups will increase. A big change for 1991 will be the new frontend products.

Inside the WELL itself, priority should be given to build another conferencing area that approaches the EFF/Constitutional discussions in quality and stature. Marketing will work on this development.

Strengthening Word of Mouth Response

Word of mouth is the largest source of WELL customers. Their numbers come as a result of the WELL's excellence as a product. To further strengthen this area, Marketing proposes reinstating a credit to WELL members who bring in new people.

ACTION:
Give a five hour credit to anyone mentioned by a newuser as their primary source.

Advertising

Marketing will increase advertising in 1990.

Utne Reader
The Utne Reader will be the chief advertising target for 1991. With a rate base of close to 150,000, they are a natural extension of the Whole Earth Review's constituency. Also, more than 25% of their readers are in the Far West. Their

Subscriber Study reveals that their demographics are similar to what Marketing estimates the WELL's to be (income $40K +, college attended or graduated, professional, median age late 30's) with the exception that the WELL has a much higher male to female ratio than Utne's near 50/50. In late 1990, Marketing learned in a phone call from someone proposing to Eric Utne that they start some sort of online service, that more than 50% of their readers own personal computers. Assuming ten percent of computer-owning readers also own modems, then a WELL ad has a potential customer base of 7,500. Spending $6570 for a 1/6 page ad for one year (6 issues) would be like spending $.88/year for each of those modem owners.

ACTION:
Buy a 1/6 page ad in the Utne Reader for one year.
Order deadline: March 1 (for May/June issue)

BUDGET:
$6570 - cost of the ad (at publishing rates)
$20 - production costs
10 hours labor

Other ads

Marketing will advertise in the Bay Area Media Alliance paper, Mediafile, to continue outreach to the 2600 members of the Media Alliance. Marketing has no plan to advertise in Computer Currents or Microtimes because the WELL gets mentioned in those publications so frequently. Marketing will set aside $400 for spot ads that are expected to present themselves through the year.

ACTION:
Advertise in Mediafile in each of their six issues in 1991.
Set aside a fund for unplanned spot ads.

BUDGET:
$486 for Mediafile
$300 for unspecified ads

Press

Newspaper and magazine

STRATEGY:
Keep the WELL's name regularly in the press.

ACTION:
Press releases planned for announcement of GetWELL, Sweeper, Internet, and the Writing Award. Marketing will contract Ed Niehaus to coordinate publicity for these announcements.

Unsolicited newspaper coverage expected to continue as long as the WELL maintains interesting content and facilitates meaningful relationships.

Upcoming features about the WELL will be in the Utne Reader, Omni, and New Age Journal.

BUDGET:
4 press releases - $160
services of Ed Niehaus - $1200

NewsBytes
NewsBytes reporter John McMullen trolls the WELL regularly for material. Getting releases into NewsBytes has become a simple process of sending email to John.

Whole Earth Review
The WELL is mentioned in every issue of WER in the classifieds. WER also makes regular specific mention of the WELL in articles many of which are written by WELL members. The Spring issue will feature three articles by WELL members that started as discussions on the WELL. More is planned for the Summer issue.

General marketing communications

Brochure

STRATEGY:
Continue to use the WELL brochure as the centerpiece of the printed promotional material.

ACTION:
Update the brochure and print the brochure a few times a year to keep it current.
A new insert was created to go to groups and associations. The Brochure is mailed to all who request info, distributed to the WEA stores, and given to others who wish to distribute varying numbers to their interest group.

BUDGET:
3 reprint cycles @ 2000 copies per 4 month cycle @ $750 per printing = $3000 ($.38 each)

1000 group inserts - $250

Reprints

STRATEGY:
provide interesting supplemental material for the info request mailings.
ACTION:
continue to reprint "panda story", jrc columns, conflist, using for the first time, and the Signal piece. Brochure is included with each mailing. Average 100 pieces per month.

BUDGET:
annual total - $472 for copy

Offline Newsletter

STRATEGY:
Continue to have direct mail communication with the WELL subscribers by producing "Offline" in 1991.

ACTION:
Include a four page issue of "Offline" in the Fall 91 issue of Whole Earth Review. Fall issue is chosen because it should announce release of front-end products.

BUDGET:
$3200 (pay to WER)

Reduce contributor budget?

Oral Presentation

Marketing is working on an oral presentation using visual aids for use with an overhead projector.

ACTION:
Complete the two oral presentation packages, one for general use and one for groups. When the opportunity arises, Marketing will explain, demo, and pitch the WELL to help insure that the groups actually sign up. this would generally be coordinated with each group's "champion" or advocate on behalf of the WELL and computer networking in general. This may require travel to present the WELL to targeted groups.

Also make the presentations complete with speaker's notes so that other people can use them for presentations.

BUDGET:
$50 materials

Comp Time

Press list

STRATEGY:
Make the WELL complimentary to selected members of the press.

ACTION:
The WELL Press List has 16 people at the end of 1990. Predicted to expand to 25 in 1991.

BUDGET:
Comp. 30 hrs/mo plus the $10 monthly. For 15 people this is equivalent to $1050. Actual useage is about half that.

Guests, Whole Earth, hosts

STRATEGY:

Continue to offer comp accounts to selected guests, Whole Earth staff, and conference hosts. Amount of WELL time granted varies with each individual.

Groups

Current clients

STRATEGY:
Maintain and service current group accounts including GBN, SEVA, AIR, Arica, ALUG, Mutual, FAST, and the TET groups scheduled to come aboard in 1991.

got visit.

New businesses and associations

STRATEGY:
Recruit new groups for the WELL.

ACTION:
Followup on current leads. Finish the slide presentation and use it as the basis to recruit new groups and to more fully entice other groups such as the NRHA that are considering the WELL but have too many members who still don't know what it is or what it can do for them. Marketing will travel more in 1991 to present the WELL to prospective groups.

New groups in various stages of consideration:
Computer Press Association
American Crafts Council
Association for Curriculum Development
the TET groups
The West Marin Communications Coop
Media Alliance Board
The Press Room (online news distribution service)

BUDGET:
$1500 travel and entertainment

New products

1991 presents excellent opportunities for the WELL to expand by offering new services and products.

GetWELL
GetWELL is a Macintosh downloader/uploader front end program for the WELL. Designed by Johan Strandberg, the current deal is that he will produce a complete product, packaged and finished, delivered to the WELL for testing at the beginning of February. *Note that success of this offering and commitment to the*

MacWorkStation product is all predicated on the product being all that it promises to be. In the event that GetWELL does not live up to expectations, the $4500 investment will be absorbed and the product dropped.

Marketing plans to use GetWELL as a store demonstrator for the WELL at the Whole Earth Access stores and other stores. If the product is good enough those stores may be willing to sell it.

ACTION:
Beta test GetWELL in February, receive the finished product in April. Price is expected to be $80 ($84.80 plus tax).
Marketing will review the packaging in March.

PROMOTIONAL BUDGET:
$500 for special brochure that can be updated to include Sweeper and other products.

PRODUCT COSTS:
The WELL can buy the first 300 units at $40 each. After that our price is:
1-99 - $60
100-250 - $52
over 250 - $48

The WELL has invested $4500 in development costs so 113 units have to be sold at $80 to recover the investment.

PRELIMINARY REVENUE ESTIMATE:

estimated number of current mac users - 1435
estimated response from current users - 40% (574)
gross revenue at $80 each - $45,920
net revenue after $40 cost - $22, 960
estimated monthly Mac signups - 47
est. response from newuser purchase -25% (12 per month)
est. gross revenue per month - $960
est. net revenue per month - $480

MARKETING METHODS:

1. announce via the WELL that the product is available. Take orders via telephone and email and add to the WELL bill.

2. offer purchase of MWS through the newuser program and add it to the WELL bill.

3. make it be the feature of the next newsletter, inserted in to WER (Summer issue).

4. send out announcement press release.

5. include it in all advertisements.

6. offer it for sale through Whole Earth Access

PACKAGING:

1 - 3.5" disc and a four page user's guide shrink-wrapped and packed in a printed but unpretentious box.

WARRANTY:

User registration card activates 90 day warranty. Johan handles the warranty. There should be a clear legal understanding here.

Macworkstation

MacWorkStation is a product developed by Apple that presents the WELL with the opportunity to produce a product that is a download/upload interface using the Mac icons and desktop concept but is much more than that because the remote CPU works in concert with the host. One big advantage for the WELL with CPN users is that while connect time would remain constant, transmission of kilocharacters would be sharply reduced making our CPN bill a lot lower. MWS can allow users to work with regular Mac editors, run downloads in the background, and do indexing functions using the user's computer making some operations much faster.

Apple has given the WELL a developer's kit, a $5000 value, in exchange for the right to use the WELL MWS product in demonstrations of the product as an example of how MWS can work with an online service.

At this writing, development of this product depends largely on the success of GetWELL. MWS is a more sophisticated product than GetWELL but it isn't known what the real development costs will be, nor is it known how long it will really take to develop the product. Also, if we sell a lot of GetWELL discs there should be sufficient time before we ask people to buy another front-end disc. Besides being a more sophisticated product, its sale price is estimated to be lower - $50 - resulting in a higher percentage of sales to customers. A meeting is scheduled to discuss what we want out of MWS and what it will take to get it.

Note that should GetWELL prove to be a less than satisfactory product, the timetable for developing MWS will be moved up several months.

ACTION:
Develop MWS in the Spring and prepare it for issue late in the year.

BUDGET:

Not yet known. Waiting on estimate of programming costs. Expected to be part of 1992 budget.

PRELIMINARY REVENUE ESTIMATE:

estimated number of current mac users - 1435
estimated response from current users - 80% (1148)
gross revenue at $50 each - $57, 400
estimated monthly Mac signups - 47
est. response from newuser purchase - 60%
est. gross revenue per month - $2350

MARKETING METHODS:

Same as with GetWELL.

PACKAGING:

1 - 3.5" disc and a four page user's guide shrink-wrapped and packed in a printed but unpretentious box.

WARRANTY:

User registration card activates 90 day warranty. Many legal questions regarding warranty, especially since this will be the WELL's own product.

ANOTHER POSSIBILITY:

Another option would be to find someone to sell and support this program and they make the profit. The WELL would just have to make sure that someone reliable and competant took it on.

MWS/PC

MacWorkStation will also be developed for the PC. The WELL will pay a 10% royalty for each unit sold to United Data for their development of the basic PC product. PC Windows is required for the enduser to use the product.

Sweeper

Sweeper is a downloading program developed by Jim Rutt for PC users. Jim has evolved this product with several versions and currently has about 40 WELL users who run Sweeper as their primary method of collectiong conference material.

STRATEGY:
Offer Sweeper to WELL customers.

ACTION:
Offer Sweeper to WELL customers via the same marketing channels as described for GetWELL. Commercial grade issue is expected to be ready in

May. Jim will handle all packaging and warranty. The WELL will buy the product wholesale and resell it.

PRODUCT BUDGET:
Sale price will be $79. Price to the WELL is expected to be $40. Marketing proposes to buy Sweeper in lots of 25 copies. Cost per lot - $1000.

Sweeper will also be available directly from Jim Rutt.

PROMOTIONAL BUDGET:
Included in promo budget for GetWELL - special product brochure.

Internet
The WELL will apply for admission to the InterNet in 1991, buying a membership to Barnet.

ACTION:
Upon acceptance by the NSF and Barnet, Marketing will promote the WELL as an InterNet site through the press.

BUDGET:
To be promoted in a press release

Sponsorship

STRATEGY:
Create an Online Writing Award complete with judges and cash prizes to the best examples of online writing found not just on the WELL but on other systems as well.

ACTION:
Design rules and guidelines, select a panel of judges, publicize the event, and award cash prizes in selected categories.

BUDGET:
$600 for prizes (3x200)
$100 for administrative expenses
$50 for publicity

Sounds low

to a lot of time.

1991 Marketing Timeline

- January
- Brochure insert
- February
- GetWELL beta
- Boardwatch ad
- March
- Utne Reader ad
- MWS prelim. design
- April
- GetWELL release
- Sweeper release
- Demo GetWELL to WEA
- May
- ENA conf.
- June
- OFFLINE/WER
- July
- WELL on the Internet
- Finish visual aids
- August
- Online Writing Award
- September
- MWS Packaging
- October
- MWS beta test
- November
- December
- MWS release
- 1991

1991 WELL Marketing Budget							
Assumptions:	*$42,000*	*Marketing Personnel Cost/Year*					
	$177.02	*Revenue Index - ($13.83 x 12.8 mos)*					
							Estimated number
		Estimated Expenses					of newusers
	Notes/Formulas	Cash Expense	% of Mktg Personnel	Personnel	TOTAL		
ADVERTISING			5%	$2,100	$2,100		
Utne Reader	1/6 pagex6	$6,570			$6,570		150
Other ads	Mediafile, others	$790			$790		40
PRESS			15%	$6,300	$6,300		
newspapers/magazines	releases+Niehaus	$1,360			$1,360		300
NewsBytes	email	$0			$0		50
Whole Earth Review	articles, class.	$0			$0		300
Radio	NPR	$0			$0		25
MARKETING COMM.			10%	$4,200	$4,200		
Brochure	6,000yr+inserts	$3,250			$3,250		100
reprints	print+mail	$500			$500		0
OFFLINE NEWSLETTER	Fall WER	$3,200	5%	$2,100	$5,300		200
ORAL PRESENTATION		$50	5%	$2,100	$2,150		50
GROUPS			15%	$6,300	$6,300		
current clients		$100			$100		50
new business	travel, demo	$1,500			$1,500		250
NEW PRODUCTS			15%	$6,300	$6,300		
GetWELL	brochure	$500			$500		50
MacWorkStation		$0			$0		25
MWS/PC		$0			$0		25
Sweeper		$0			$0		50
Internet		$0			$0		0
SPONSORSHIP	writing award	$700	5%	$2,100	$2,800		25
COMP TIME	press list, other	$1,200			$1,200		0
RESEARCH AND DEVELOP.		$200	0%	$0	$200		0
TRAVEL & ENTERTAINMENT		$400			$400		0
UNKNOWN SOURCE		$0			$0		800
INNKEEPING		$0	25%	$10,500	$10,500		0
TOTALS		$20,320	100%	$42,000	$62,320		2490
Total minus Innkeeping					$51,820		$440,780
Marketing expense per sign					$20.81		
REVENUE INDEX					$177.02		

pre-o/H costs?

1990 Fourth Quarter Growth Summary

Overall Growth

	4th Quarter	Year to Date
New subscribers:	718	2,768
Cancellations:	417*	1,374*
Net growth:	301	1,394
Avg. new/month:	239	226
Avg. # cancel/month:	138	130
Avg. net growth per month:	100	99
Average monthly bill (all):	$13.53	$13.83
Average monthly bill (active):	$20.56	$22.05
Total number of billed accounts:	4021	4021
Total number of comp. accounts:	281	281
Total number of accounts:	4305	4305

(New subscribers: 1st Quarter - 670, 2nd Quarter 612, 3rd 754, 4th 718)
* includes WELL initiated cancellations

Sources of New Subscribers

Source	Oct.	Nov.	Dec.	4th Q Total	Year to Date
Word of Mouth	65	43	71	179	653
Whole Earth	55	39	39	133	515
Print	36	33	22	91	406
Group Membership	4	14	8	26	198
Grateful Dead	11	12	2	25	105
Conf interest	14	14	7	35	181
Coupon	52	38	9	99	119
BBS (new category)	7	8	12	27	37
Other (decline to state)	40	22	41	103	502
Totals	284	223	211	754	2,036

Comments: Signups and avg. monthly bill went down in the 4th quarter from the 3rd quarter. Totals more resemble the 2nd quarter.